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October 16, 2002

Honorable James H. Welsh Commissioner of Conservation Office of Conservation 617 North Third Street, 9th Floor Baton Rouge, Louisiana 7080

Re: Applicant: Wagner Oil Company
Application for Alternate Unit Well
14,700' Sand, Reservoir B, Sand Unit A
SOUTH MERMENTAU FIELD
Acadia Parish, Louisiana

Applicant: Wagner Oil Company Application for Second Alternate Unit Well 14,700' Sand, Reservoir C, Sand Unit A SOUTH MERMENTAU FIELD Acadia Parish, Louisiana

Our File No. 3201-21801

Dear Commissioner Welsh:

Application is hereby made on behalf of Wagner Oil Company for the calling of a public hearing, after ten (10) days legal notice, to consider evidence relative to the issuance of an Order or Orders pertaining to the following matters involving the 14,700' Sand, Reservoir B, Sand Unit A and the 14,700' Sand, Reservoir C, Sand Unit A, in the South Mermentau Field, Acadia Parish, Louisiana (for which rules and regulations were adopted and drilling and production units were created by Office of Conservation Order Number 385-A-6, effective on and after January 30, 1996), to-wit:

14,700' SAND, RESERVOIR B, SAND UNIT A

1. To permit the Applicant, Wagner Oil Company, to drill, designate and utilize the Wagner Oil Company—C. H. Spurgeon No. 2 Well as an alternate unit well for the 14,700' Sand, Reservoir B, Sand Unit A which the said well is to be located in Section 40, Township 11 South, Range 2 West, Acadia Parish, Louisiana, more specifically described as being located at the location

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within the 14,700' Sand, Reservoir B, Sand Unit A, as depicted on the plat attached hereto and made a part hereof.

- 2. To make a specific finding that such proposed alternate unit well is necessary to effectively and efficiently drain a portion of the 14,700' Sand, Reservoir B, Sand Unit A which cannot be efficiently and economically drained by any other well within the unit.
- 3. To designate Wagner Oil Company as the Operator of the 14,700' Sand, Reservoir B, Sand Unit A and to designate Wagner Oil Company as the Operator of the unit well and the proposed alternate unit well.
- 4. To allow the unit allowable for the 14,700' Sand, Reservoir B, Sand Unit A to be produced from the unit well, the proposed alternate unit well or from both at the unit Operator's sole discretion.
- 5. Except to the extent contrary herewith, to continue in full force and effect the pertinent provisions of the 385-A series of Office of Conservation Orders.
- 6. To consider such other matters that may be pertinent to the 14,700' Sand, Reservoir B, Sand Unit A and as may be appropriate and justified by the evidence presented at the hearing.

The 14,700' Sand, Reservoir B in the South Mermentau Field, Acadia Parish, Louisiana was previously defined by Office of Conservation Order Number 385-A, effective on and after February 9, 1959.

14,700' SAND, RESERVOIR C, SAND UNIT A

- 1. To permit the Applicant, Wagner Oil Company, to drill, designate and utilize the Wagner Oil Company—E. Benoit No. 2 Well as a second alternate unit well for the 14,700' Sand, Reservoir C, Sand Unit A the surface and bottomhole of said well are to be located in Section 70, Township 10 South, Range 2 West in Acadia Parish, Louisiana, more specifically described as being located at the surface and bottomhole locations within the 14,700' Sand, Reservoir C, Sand Unit A, as depicted on the plat attached hereto and made a part hereof.
- 2. To make a specific finding that such proposed alternate unit well is necessary to effectively and efficiently drain a portion of the 14,700' Sand, Reservoir C, Sand Unit A which cannot be efficiently and economically drained by any other well within the unit.

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- 3. To designate Wagner Oil Company as the Operator of the 14,700' Sand, Reservoir C, Sand Unit A and to designate Wagner Oil Company as the Operator of the unit well, the alternate unit well and the proposed second alternate unit well.
- 4. To allow the unit allowable for the 14,700' Sand, Reservoir C, Sand Unit A to be produced from the unit well, the alternate unit well and the proposed second alternate unit well or from any combination thereof at the unit Operator's sole discretion.
- 5. Except to the extent contrary herewith, to continue in full force and effect the pertinent provisions of the 385-A series of Office of Conservation Orders.
- 6. To consider such other matters that may be pertinent to the 14,700' Sand, Reservoir C, Sand Unit A and as may be appropriate and justified by the evidence presented at the hearing.

The 14,700' Sand, Reservoir C in the South Mermentau Field, Acadia Parish, Louisiana was previously defined by Office of Conservation Order Number 385-A-5 effective on and after January 5, 1993, and was further defined by Office of Conservation Order No. 385-A-6 effective on and after January 30, 1996.

Enclosed and made a part hereof are lists of the names and addresses of all known Interested Owners, Represented Parties and Interested Parties in the 14,700' RB SUA and the 14,700' RC SUA and a plat showing the location of the proposed alternate unit well for the 14,700' RB SUA and a plat showing the location of the proposed second alternate unit well for the 14,700' RC SUA. A copy of this Application and the attached plats are being forwarded to the District Manager of the Lafayette District of the Office of Conservation and to each Interested Owner, Represented Party and Interested Party on the enclosed lists. Pursuant to the Revised Rules of Procedure, the aforesaid lists of owners and parties are being furnished only to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the aforesaid lists of owners and parties will be provided to any person requesting a copy of them. I certify that a reasonable and good faith effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties in the 14,700' RB SUA and the 14,700' RC SUA.

The Revised Rules of Procedure of the Commissioner of Conservation with respect to the Pre-Application Notice requirements are not applicable to the hearings requested herein, which such hearings require notice of only ten (10) days. Upon receipt of the Legal Notice in the captioned matter, the Legal Notice will be posted, published and mailed in accordance with Rule 7 of the Rules of Procedure.

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Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting Frank W. Harrison — Consulting Geologists, 200 Audubon Street, Lafayette, Louisiana 70505, (337-232-4031).

Finally, there is enclosed our firm's check on behalf of the Applicant, Wagner Oil Company, in the sum of \$700.00 made payable to the Office of Conservation representing the required application fee pursuant to Statewide Order 29-R-01/02 for the requested public hearing for the 14,700' RB SUA and our firm's check on behalf of the Applicant, Wagner Oil Company, in the sum of \$700.00 made payable to the Office of Conservation representing the required application fee pursuant to Statewide Order 29-R-01/02 for the requested public hearing for the 14,700' RC SUA.

As always, if you have any questions, please feel free to call me at your earliest convenience.

Thanking you in advance for your usual courtesies and cooperation, I remain,

Very truly yours,

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MJR,III/

(Enclosures)

cc:

(w/application, plats and lists)
Mr. Richard D. Hudson
District Manager — Lafayette District
Office of Conservation
P. O. Box 51285
Lafayette, LA 70505

(w/application and plats only) Interested Parties Represented Parties Interested Owners



